

DeSoto Council on the Aging, Inc.
Mansfield, Louisiana

Financial Statements
For year ended June 30, 2013

**DeSoto Council on the Aging, Inc.
Mansfield, Louisiana**

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For Year Ended June 30, 2013**

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

**DeSoto Council on the Aging, Inc
Mansfield, Louisiana**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2013**

The following discussion and analysis of Desoto Council on the Aging, Inc., (the Council) financial performance provides an overview of the Council's financial activities for the year ending June 30, 2013. This discussion and analysis should be read in conjunction with the Audited Financial Statements, which begin on page 1.

Financial Highlights

- The Council had a net overall increase in net position of \$111,612 this year.
- Net Capital Assets of the Council decreased by \$15,956.
- No deficit fund balance exists at year-end.
- The unassigned, undesignated fund balance for the Council's General Fund was \$ 18,009 at year end, which is a \$97,579 increase from the prior year.

How to Use This Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 1 and 2) provide information about the activities of the Council as a whole and present a long term view of the Council's finances. The Balance Sheet-Governmental Funds and Statement of Revenues, Expenditures and Changes in Fund Balance-Governmental Funds and Reconciliations (on pages 3-6) provide information on how services were financed in the short-term as well as what remains for future spending. Budgetary Comparison Schedules for the Council's major funds are on pages 21-25. These schedules compare Original Budget, and Final Budget to Actual amounts for the year. The Schedule of Non-Major Special Revenue Funds is on page 26. This schedule reports in more detail, the expenses of the non-major funds.

A. The Council as a Whole Using Government-Wide Financial Statements

Our Analysis of the Council's finances as a whole begins on page iii. An important question to ask about the Council's finances is, "What was the impact as a result of the year's activities"? The Statement of Net Position and Statement of Activities (referred to collectively as the government-wide financial statements) report information about the Council as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

The government-wide financial statements report the Council's net position and changes in them. Some of the net position is restricted which means they can only be used for a specific purpose. The Statement of Net Position is designed to present the financial position of the Council as of year-end. Over time, increases or decreases in the Council's net position is one indicator of whether its financial position is improving or deteriorating. However, to assess the overall financial position of the Council, you will need to consider other non-financial factors, such as the condition of the Council's capital assets, the addition or termination of grants and other revenue sources, and the expansion or contraction of programs and services.

The Statement of Activities provides information that shows how the Council's net position changed as a result of this year's activities. All of the Council's significant activities are reported in the Statement of Activities. These activities include but are not limited to an Administration function and a Health, Welfare, and Social Services function. The Health, Welfare, and Social Services function is comprised of various programs that include supportive social services, nutritional services, and disease prevention and health promotion. All activities of the Council are considered to be governmental activities. A governmental activity is one where the Council uses money it received from government grants and contracts, along with donations from the general public, to pay for the services the agency provides to the elderly. The people benefiting from the services are not required to pay for the services received. If the Council charged fees to cover all or most of the cost of providing a service, that activity would be classified as a business-type activity. The Council does not have any business-type activities. However, the Council does have a paid meal program, and a small monthly fee is charged to seniors who are financially able to pay a portion of the home delivered meal cost. We do not view the fees we charge for these activities as a business-type activity, because we do not recover the full cost of providing the service.

B. Reporting the Council's Special Funds Using Fund Financial Statements

The General Fund is used to account for all financial resources that are not restricted to specific funds. The Council's special funds are either major funds or non-major funds. Major funds are those funds whose revenues, expenses, assets or liabilities are at least 10% of corresponding totals for all governmental funds. In addition, a major fund could be a fund that does not meet these criteria but which is important to present for the Council's financial statement users. The fund financial statements for the Council's major funds are on pages 3 to 6. These reports compare the original and final appropriated budgets to actual budget results for the Council's fiscal year. The Council's major funds are the General Fund, Title IIIC-1 Congregate Meals, Title IIIC-2 Home Delivered Meals, Title IIIB, and Section 18 Transportation. The fund financial statement for the Council's non-major funds is on page 26.

The Special Revenue Funds account for specific revenue sources that are legally restricted to expenditures for specified purposes. By using separate funds to track revenues and expenditures, we can control and manage funds for particular purposes or we can show that the fund is meeting legal requirements for using certain grants and other money.

The General Fund and Special Revenue Funds are considered governmental funds. Governmental funds focus on how money flows into and out of funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Council's general government operations and the basic service it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Council's programs. The difference between the net position of governmental activities and fund balances of the governmental funds is reconciled on page 4. In addition, the difference between the change in fund balances for the governmental funds and the change in net position for the governmental activities has been presented in a reconciliation on page 6.

C. Notes to the Financial Statements

The notes provide additional information that is essential to understanding the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 7 to 20.

D. Analysis of the Council as a Whole Using Government-Wide Financial Statements

Condensed information on the Council's net assets at June 30:

	2013		2012	
Assets				
Current and other assets	\$ 179,495	70.45%	\$ 49,632	35.23%
Capital assets, net of accumulated depreciation	75,279	29.55%	91,235	64.77%
Total assets	<u>254,774</u>	<u>100.00%</u>	<u>140,867</u>	<u>100.00%</u>
Liabilities				
Accounts payable	82,525	64.92%	124,587	94.47%
Payroll accrued	42,500	31.67%	-	0.00%
Capital lease payable-current	3,318	2.47%	2,230	1.69%
Capital lease payable-non-current	1,260	.94%	5,069	3.84%
Total liabilities	<u>129,603</u>	<u>100.00%</u>	<u>131,886</u>	<u>100.00%</u>
Net Position				
Investment in capital assets, net of debt	70,701	58.63%	83,936	32.48%
Restricted	31,883	26.44%	4,615	1.46%
Unrestricted	22,587	14.93%	(79,570)	(885.99%)
	<u>\$ 125,171</u>	<u>100.00%</u>	<u>\$ 8,981</u>	<u>100.00%</u>

As of June 30, 2013, the Council "as a whole" had assets greater than its liabilities by \$125,171.

The net position that has been invested in capital assets are presented net of any related outstanding debt incurred to acquire them.

Condensed information on the Council's change in net position for the years ended June 30:

	2013	2012
Revenues		
Program revenues		
Operating grants and contributions	\$ 488,536	\$ 527,465
General revenues		
Charges for services	852,749	837,984
Other general revenues	257,088	129,161
Total revenues	<u>1,598,373</u>	<u>1,494,610</u>
Direct Program Expenses of the Health, Welfare and Social Services Function		
Supportive services		
Title IIIB	165,606	160,059
Nutritional services		
Title IIIC-1	70,650	82,385
Title IIIC-2	126,029	174,248
Other services		
Section 18 transportation	131,730	167,591
General fund expenditures	912,677	1,148,768
Non-major funds	75,491	70,427
Total expenses	<u>1,482,183</u>	<u>1,803,478</u>
Excess (deficiency) of revenues over expenditures	116,190	(308,868)
Fund balance at beginning of year	8,981	317,849
Fund balance at end of year	<u>\$ 125,171</u>	<u>\$ 8,981</u>

An Analysis of Governmental Activities

Most of the Council's activities are funded by federal, state, and local grants and state fee for service programs. These grants amount to approximately 31% of the revenues of the Council in 2013 and the fee for services other general revenues amounted to approximately 69%. Some of these grants are restricted which means that the money can only be used in certain programs. The amount of funds available from most of the grants remains rather constant from year to year; however, some grant amounts may change based upon the level of service provided by the Council under the terms of the particular grant award.

The Council also receives donations from its clients and the general public. These revenues help to lessen the financial burden on the Council and allow it to maintain and expand service. Public support revenues represented 5% of the total revenues of 2013.

When reviewing the Government-Wide Statement of Activities, there are relationships that are important to the understanding of the Council's operations. The Council's largest activities are related to supportive services and nutrition services. The Council's main focus is to meet the needs of the elderly citizens of DeSoto Parish. There is a high demand for these services; therefore, resources are channeled to meeting the demand.

An Analysis of the Council's Funds Using Governmental Fund Financial Statements

Net Position

The Council showed a combined governmental fund balance of \$125,171, at the end of this year, which is an increase of \$116,190 over last year.

Revenues

The combined fund revenues increased \$103,761 this year from last year.

Expenditures

Total expenditures decreased by \$321,295 this year from last year.

An Analysis of Major Revenue Budgets

Over the course of this past fiscal year, the budget was not amended at or close to year end as required by GOEA.

You can find schedules of the original budgets for the Major Special Revenue Funds in the Supplementary Financial Information Required by GASB Statement 34 Section of this report on pages 21 to 25. When you review the budget versus actual schedules for the funds expended for GOEA grants, you will note that the favorable and unfavorable variances are large.

The Council did not adopt a budget for the General Fund or the Section 18 Transportation fund as there is no legal requirement to do so.

Economic Factors and Next Year's Budgets

The Council receives most of its funding from federal and state agencies. Because of this, the source of income for the Council is rather steady. However, some of the Council's grants and contracts are contingent upon the level of service provided by the Council, and therefore, revenues may vary from year to year. In setting its budget for fiscal year 2013, it was important that we deliver at least the same level of service to our clients and the public as we did in 2012. All of the Council's grants and contracts from the usual federal and state agencies have been approved for fiscal year 2014. There have been no significant changes to the funding levels or terms of the grants and contracts. Accordingly, we have set our initial budget to provide the same programs and levels of service next year. GOEA has also approved the Council's budget for next year. There are no plans to add any significant programs for next year.

Capital Assets and Debt Administration

The Council's investment in capital assets, net of accumulated depreciation of \$243,784 as of June 30, 2013, was \$75,279. See Note 6 for additional information about changes in capital assets during the fiscal year. The following provides a summary of capital asset activity.

Capital Assets	2013	2012
Building	\$ 105,805	\$ 105,805
Building improvements	46,710	46,710
Furniture and equipment	78,940	75,583
Vehicles	87,608	87,608
	<u>319,063</u>	<u>315,706</u>
Less: accumulated depreciation	243,784	224,471
Book value-capital assets	\$ <u>75,279</u>	\$ <u>91,235</u>
Percentage left to depreciate	<u>23.59%</u>	<u>28.90%</u>

Depreciation expense was \$19,313 for the fiscal year 2013.

Contacting the Council's Management

Our financial report is designed to provide government agencies and the general public an overview of the Council's finances and to demonstrate accountability for the money that it receives. If you have any questions about this report or wish to ask for more information, you should contact the Council's main office located at 404 Polk Street, Suite A, Mansfield, Louisiana or by phone at 318-872-3700.

GOVERNMENT - WIDE FINANCIAL STATEMENTS

DeSoto Council on the Aging, Inc.
Mansfield, Louisiana
Statement of Net Position
June 30, 2013

Assets

Cash	\$ 11,966
Grants and other receivables	167,529
Capital assets, net of accumulated depreciation	75,279
Total assets	<u>254,774</u>

Liabilities

Accounts payable	33,990
Cash overdraft	48,535
Accrued expenses	42,500
Capital lease payable - current	3,318
Capital lease payable - non-current	1,260
Total liabilities	<u>129,603</u>

Net Position

Invested in capital assets, net of debt	70,701
Restricted	31,883
Unrestricted	22,587
Total net position	<u>\$ 125,171</u>

The accompanying notes to the financial statements are an integral part of these statements.

DeSoto Council on the Aging, Inc.
Mansfield, Louisiana

Statement of Activities
For Year Ended June 30, 2013

	Program Revenues					Net (Expense) Revenue and Change in Net Position
	Direct Expenses	Indirect Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Functions/Programs						
Governmental Activities						
Health, Welfare & Social Services						
Supportive services						
Homemaker	\$ 49,567	\$ 8,533	\$ -	\$ 49,835	\$ -	(\$ 8,265)
Other services	4,963	512	-	1,956	-	(3,519)
Information and assistance	5,062	872	-	5,093	-	(841)
Legal assistance	1,835	315	-	1,842	-	(308)
Transportation	176,509	52,525	-	223,473	-	(5,561)
Nutrition services						
Congregate meals	60,866	9,784	-	61,496	-	(9,154)
Home delivered meals	115,970	10,059	-	94,128	-	(31,901)
Utility assistance	1,769	-	-	1,627	-	(142)
Disease prevention and health promotion	6,785	323	-	4,028	-	(3,080)
National family caregiver support						
Respite care	14,776	3,797	-	18,996	-	423
Other services	-	1,668	-	-	-	(1,668)
Medicaid waiver	736,940	58,913	809,340	-	-	13,487
Title XIX medical transportaion	89,278	86	43,409	-	-	(45,955)
Administration	70,476	-	-	26,062	-	(44,414)
Total governmental activities	<u>\$ 1,334,796</u>	<u>\$ 147,387</u>	<u>\$ 852,749</u>	<u>\$ 488,536</u>	<u>\$ -</u>	<u>(140,898)</u>
General revenues:						
Grants and contributions not restricted to specific programs						99,858
Unrestricted investment income						1,902
Miscellaneous						155,328
Total general revenues and special items						<u>257,088</u>
Change in net position						116,190
Net position - beginning of the year						8,981
Net position - end of the year						<u>\$ 125,171</u>

The accompanying notes to the financial statements are an intergral part of thes statements.

FUND FINANCIAL STATEMENTS

**DeSoto Council on the Aging, Inc.
Mansfield, Louisiana**

**Balance Sheet - Funds
June 30, 2013**

	General Fund	Title III B	Title III C-1	Title III C-2	Section 18	Non-Major Funds	Total
Assets							
Cash	\$ 11,966	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,966
Grants and other receivables	143,530	-	-	-	23,999	-	167,529
Due from other funds	64,744	2,169	2,035	4,847	-	31,883	105,678
Total assets	<u>\$ 220,240</u>	<u>\$ 2,169</u>	<u>\$ 2,035</u>	<u>\$ 4,847</u>	<u>\$ 23,999</u>	<u>\$ 31,883</u>	<u>\$ 285,173</u>
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ 24,143	\$ 2,169	\$ 2,035	\$ 4,847	\$ 796	\$ -	\$ 33,990
Cash overdraft	48,535	-	-	-	-	-	48,535
Accrued expenses	42,500	-	-	-	-	-	42,500
Due to other funds	82,475	-	-	-	23,203	-	105,678
Total liabilities	<u>197,653</u>	<u>2,169</u>	<u>2,035</u>	<u>4,847</u>	<u>23,999</u>	<u>-</u>	<u>230,703</u>
Fund Balances							
Restricted	-	-	-	-	-	31,883	31,883
Unassigned	22,587	-	-	-	-	-	22,587
Total fund balance	<u>22,587</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,883</u>	<u>54,470</u>
Total liabilities and fund balances	<u>\$ 220,240</u>	<u>\$ 2,169</u>	<u>\$ 2,035</u>	<u>\$ 4,847</u>	<u>\$ 23,999</u>	<u>\$ 31,883</u>	<u>\$ 285,173</u>

The accompanying notes to the financial statements are an integral part of these statements.

**DeSoto Council on the Aging, Inc.
Mansfield, Louisiana**

**Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position
June 30, 2013**

Total fund balances per balance sheet - Governmental funds	\$ 54,470
Capital leases not payable out of current financial resources	(4,578)
Net capital assets used in governmental activities which are not financial resources in the fund statements.	75,279
Net position end of year	<u><u>\$ 125,171</u></u>

The accompanying notes to the financial statements are an integral part of these statements.

DeSoto Council on the Aging, Inc.
Mansfield, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
For Year Ended June 30, 2013

	General Fund	Title III B	Title III C-1	Title III C-2	Section 18 Transportation	Non-Major Funds	Total Governmental Funds
Revenues							
Intergovernmental							
Governor's Office of Elderly Affairs	\$ -	\$ 118,630	\$ 57,008	\$ 54,336	\$ -	\$ 144,343	\$ 374,317
DeSoto Parish Police Jury	-	-	-	-	150,391	-	150,391
Office of Family Support	384	-	-	-	-	-	384
DeSoto Parish Council (PCOA)	37,500	-	-	-	-	-	37,500
Public support							
Public donations	72,721	-	-	-	-	-	72,721
Utility company assistance	-	-	-	-	-	1,627	1,627
Client contributions	-	8,370	4,488	6,327	4,807	182	24,174
Fund rasiers, rent & miscellaneous	82,609	-	-	-	-	-	82,609
Program service fees							
Title XIX medical transportation	43,409	-	-	-	-	-	43,409
Medicaid waiver	809,340	-	-	-	-	-	809,340
Gas royalties	1,902	-	-	-	-	-	1,902
Total revenues	<u>1,047,865</u>	<u>127,000</u>	<u>61,496</u>	<u>60,663</u>	<u>155,198</u>	<u>146,152</u>	<u>1,598,374</u>
Expenditures							
Health, Welfare, & Social Services							
Personnel	742,454	88,267	34,640	25,115	50,582	38,324	979,382
Fringe	64,006	8,892	3,672	2,444	7,104	3,937	90,055
Travel	3,802	3,963	498	6,924	1,974	2,343	19,504
Operating services	69,943	19,979	3,060	5,409	31,429	8,062	137,882
Operating supplies	32,334	24,628	672	3,948	30,768	3,158	95,508
Other costs	2,970	2,656	1,191	1,000	9,873	17,898	35,588
Meals	-	-	25,936	81,189	-	-	107,125
Utility assistance	-	-	-	-	-	1,769	1,769
Capital outlays	-	-	-	-	3,357	-	3,357
Total expenditures	<u>915,509</u>	<u>148,385</u>	<u>69,669</u>	<u>126,029</u>	<u>135,087</u>	<u>75,491</u>	<u>1,470,170</u>
Excess (deficiency) of revenues over expenditures	132,356	(21,385)	(8,173)	(65,366)	20,111	70,661	128,204
Other financing sources (uses)							
Transfers in	45,955	21,385	8,173	65,366	-	20,458	161,337
Transfers out	(76,154)	-	-	-	(20,111)	(63,851)	(160,116)
Total other financing sources (uses)	<u>(30,199)</u>	<u>21,385</u>	<u>8,173</u>	<u>65,366</u>	<u>(20,111)</u>	<u>(43,393)</u>	<u>1,221</u>
Net increase (decrease) in fund balances	102,157	-	-	-	-	27,268	129,425
Fund balances (deficit)							
Beginning of the year	(79,570)	-	-	-	-	4,615	(74,955)
End of the year	<u>\$ 22,587</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,883</u>	<u>\$ 54,470</u>

The accompanying notes to the financial statements are an integral part of these statements.

**DeSoto Council on the Aging, Inc.
Mansfield, Louisiana**

**Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances-Governmental
Funds to the Statement of Activities
June 30, 2013**

Total net change in fund balances - governmental funds	\$ 129,425
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Governmental funds report capital outlays as expenditures, however, in the statement of activities the cost of these assets are allocated over their estimated useful lives and reported as depreciation expense.

(15,957)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This is the principal payments on capital leases.

2,722

Change in net position of governmental activities	<u><u>\$ 116,190</u></u>
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The accompanying notes to the financial statements are an integral part of the statements.

DeSoto Council on the Aging, Inc.
Mansfield, Louisiana

Notes to the Financial Statements

June 30, 2013

Note 1 - Purpose of the Council and Summary of Significant Accounting Policies

a. Purpose of the DeSoto Council on the Aging, Inc. (Council)

The purpose of the Council is to collect facts and statistics and make special studies of conditions pertaining to the employment, financial status, recreation, social adjustment, mental and physical health or other conditions affecting the welfare of the aging people in DeSoto Parish; to keep abreast of the latest developments in these fields of activity throughout Louisiana and the United States; to interpret its findings to the citizens of the Parish; to provide for a mutual exchange of ideas and information on the parish and state level; to conduct public meetings to make recommendations for needed improvements and additional resources; to promote the welfare of aging people when requested to do so; to coordinate and monitor services of other local agencies serving the aging people of the Parish; and to assist and cooperate with the Governor's Office of Elderly Affairs (GOEA); other departments of state and local government serving the elderly; and to make recommendations relevant to the planning and delivery of services to the elderly of the Parish.

Specific services provided by the Council to the elderly residents of DeSoto Parish include providing congregate and home delivered meals, nutritional education, personal care, information and assistance, outreach, material aid, public education and sitter services, utility assistance, homemakers, recreation, legal assistance, disease prevention, health promotion, and transportation.

b. Reporting Entity

In 1964, the State of Louisiana passed Act 456 authorizing the charter of a voluntary council on aging for the welfare of the aging people in each Parish of Louisiana. However, before the council on aging can begin operations in a specific Parish, its application for a charter must receive approval from the Governor's Office of Elderly Affairs pursuant to LA R.S. 46:1602. The functions of each council on aging in Louisiana must comply with the objectives of state laws and each council is governed by the policies and regulations established by GOEA.

The DeSoto Council on the Aging, Inc. is a legally separate, non-profit, quasi-public corporation. It received its charter and began operations on July 1, 1971.

A Board of Directors, consisting of 13 voluntary members, who serve three-year terms, governs the Council. The Board of Directors is comprised of, but not limited to, representatives of the Parish's elderly population, general public, private businesses, and elected public officials. Board members are elected by general membership of the Council. The Board is composed of a balanced representation of the community's composition, with no more than one-half of the board consisting of elected officials.

Membership in the Council is open at all times, without restriction, to all residents of DeSoto Parish who have reached the age of (majority) and who express an interest in the Council and wish to contribute to or share in its programs. Membership fees are not charged.

Based on the criteria set forth in GASB Statement 14, the DeSoto Council on the Aging, Inc. is not a component unit of another primary government nor does it have any component units that are related to it. In addition, based on the criteria set forth in GASB Codification Section 2100, the Council has presented its financial statements as a primary government, because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. As used in GASB Statement 14, the term fiscally independent means that the Council may, without approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. As previously mentioned, GOEA establishes the policies and regulations that all councils must follow. The Council currently does not levy any taxes. Included in its policies is a provision that the Council's budget be approved by GOEA. However, this approval process is part of GOEA's general oversight responsibility for the Council and is more ministerial or compliance oriented than substantive.

Accordingly, the Council is viewed as being fiscally independent for purposes of applying the reporting entity criteria of GASB Statement 14.

c. Presentation of Statements

The Council's statements are prepared in accordance with accounting principles generally accepted (GAAP) in the United States of America as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the Financial Accounting Standards Board (FASB) Codification effective September 15, 2009 (when applicable) that do not conflict with or contradict GASB pronouncements.

The Council has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds; however, the Council has chosen not to do so because it does not have any business-type activities or enterprise funds. The more significant accounting policies established in GAAP and used by the Council are discussed below.

In June 1999, the Governmental Accounting Standards Board (GASB) promulgated Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. Certain of the significant items in these Statements include the following:

The financial statements include:

- Governmental-Wide Financial Statements prepared using full accrual accounting for all of the Council's activities.
- A change in the Fund Financial Statements which focuses on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The Council implemented the general provisions of the GASB Statement 34.

d. Basic Financial Statements - Government-wide financial statements

The Council's basic financial statements include both government-wide financial statements (reporting the Council as a whole) and fund financial statements (reporting the Council's major and non-major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Council's functions and programs have been classified as governmental activities. The Council does not have any fiduciary funds, or any component units that are fiduciary in nature. Accordingly, the government-wide financial statements do not include any of these activities or funds.

The Statement of Net Position is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Council's net position is reported in three parts - invested in capital assets, net of related debt; restricted net position; and unrestricted net position. Invested in capital assets, net of related debt consists of capital assets including restricted capital assets, net of

accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those capital assets. Restricted net position consist of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Unrestricted net position include all other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

The Council's policy is to use restricted resources first to finance its activities except for nutrition services. When providing nutrition services, revenues earned by the Council under its NSIP contract with GOEA can only be used to pay for the raw food component of each meal that is bought and served to a person eligible to receive a meal under one of the nutrition programs. The Council's management has discretion as to how and when to use the NSIP revenues when paying for nutrition program costs. Quite often unrestricted resources are available for use that must be consumed or they will have to be returned to GOEA. In such cases, it is better for management to elect to apply and consume the unrestricted resources before using the restricted resources. As a result, the Council will depart from its usual policy of using restricted resources first.

The Statement of Activities reports both the gross and net cost of each of the Council's functions and significant programs. Many functions and programs are supported by general government revenues like intergovernmental revenues, and unrestricted investment income, particularly if the function or program has a net cost.

The Statement of Activities begins by presenting gross direct and indirect expenses that include depreciation, and then reduces the expenses by related program revenues, such as operating and capital grants and contributions, to derive the net cost of each function or program. Program revenues must be directly associated with the function or program to be used to directly offset its cost. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants. The Council did not receive any capital-specific grants this year.

The Council allocates its indirect costs among various functions and programs in accordance with OMB Circular A-87. The Statement of Activities shows this allocation in a separate column labeled "Indirect Expenses." In addition, GOEA provides grant funds to help the Council pay for a portion of its indirect costs. As a result, only the indirect costs in excess of the GOEA funds are allocated to the Council's other functions and programs. The government-wide financial statements focus upon the Council's ability to sustain operations and the change in its net position resulting from the current year's activities.

e. Basic Financial Statements - Fund Financial Statements

The financial transactions of the Council are reported in individual funds in the fund financial statements. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures. Resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are reported by generic classification within the financial statements.

The Council uses governmental fund types. The focus of the governmental funds' measurement (in the fund statements) is on determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than on net income. An additional emphasis is placed on major funds within the governmental fund types.

A fund is considered major if it is the primary operating fund of the Council or if its total assets, liabilities, revenues, or expenditures are at least 10% of the corresponding total for all funds of that category or type.

Governmental fund equity is called the fund balance. Fund balance is further classified as non-spendable, restricted, committed, assigned and unassigned. Committed means that the fund balance is not available for expenditure because resources have already been expended (but not consumed), or a legal restriction has been placed on certain assets that makes them only available to meet future obligations. Assigned fund balances result when management tentatively sets aside or earmarks certain resources to expend in a designated manner. In contrast to restricted fund balances, assigned amounts can be changed at the discretion of management. The following is a description of the governmental funds of the Council:

- **The General Fund** is the general operating fund of the Council. It is used to account for all financial resources except those required to be accounted for in another fund.
- **Special Revenue Funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. A large percentage of the Council's special revenue funds are Title III funds. These funds are provided by the United States Department of Health and Human Services - Administration on Aging to the Governor's Office of Elderly Affairs, which in turn "passes through" the funds to the Council.

The Council has established several special revenue funds. The following is a brief description of each special revenue fund and its purpose:

Major Special Revenue Funds

The Title III B Fund is used to account for funds, which are used to provide various units of supportive social services to the elderly. GOEA has established the criteria for defining a qualifying unit of service for each Title III program. Specific supportive social services, along with the number of units provided during the fiscal year, are as follows:

<u>Service</u>	<u># of Units</u>
Information and assistance	603
Outreach	203
Homemaker	1,644
Recreation	4,728
Transportation of people age 60 or older	4,550
Legal assistance	40

The Title III C-1 Fund is used to account for funds that are used to provide nutritional, congregate meals to the elderly at meal sites located in Mansfield and surrounding areas. During the year, the Council served 12,825 meals to people eligible to participate in this program. In addition to the meals serviced, the Council also provided 71 units of nutritional education to eligible participants.

The Title III C-2 Fund is used to account for funds that are used to provide nutritional meals to homebound older persons. Using Title III C-2 funds, the Council served 22,029 meals (including United Way Funds) during the year to people eligible to participate in this program.

The Section 18 - 5311 Fund was established to account for funds under the U.S. Department of Transportation's Public Transportation for Non-urbanized Areas - Section 5311 Program. The Louisiana Department of Transportation and Development (DOTD) receives these funds for the State of Louisiana and passes through to the DeSoto Parish Police Jury, who in turn contracts with the Council to operate the program. Funds earned and received by the Council are based on actual operating costs of providing transportation services to rural residents within DeSoto Parish. Reports are prepared by the Council for the Police Jury to enable their reporting to the State for reimbursement. When the Jury receives funding from the State they then pay the Council the contracted amount. As part of calculating the operating costs of this program, the Council may apportion some of the in-kind contributions it receives as allowable transportation expenses. This

provision results in the Council receiving cash reimbursement for costs they did not actually spend cash for. Section 5311 funds are used as operating transfers to help pay for costs incurred in providing transportation services under the Council's various transportation programs.

Non-Major Special Revenue Funds

The Title III C Area Agency Administration Fund is used to account for a portion of the indirect costs of administering the Council's programs. Each fiscal year GOEA provides the Council with funds to help pay for the costs of administering the Council's special programs for the elderly. The amount of funding is not enough to pay for all the indirect costs. As a result, the Council will allocate its indirect costs to this fund first. Once the GOEA funds are completely used, any indirect costs, in excess of the funds provided by GOEA, are distributed to other funds and programs using a formula based on the percentage each program's direct costs bear to direct costs for all programs except payroll and fringe benefits which are allocated on time studies.

The Title III D Fund is used to account for funds used for disease prevention and health promotion activities. During the year, 646 units of wellness service and 48 units of medication management were provided to eligible participants in this program.

The Senior Center Fund is used to account for the administration of Senior Center program funds appropriated by the Louisiana Legislature to GOEA, which in turn "passes through" the funds to the Council. The purpose of this program is to provide a community service center at which elderly people can receive supportive social services and participate in activities which foster their independence, enhance their dignity, and encourage their involvement in and with the community. The senior centers for DeSoto Parish are located in Logansport, Morning Star, Mansfield, Springhill and Stonewall. Senior Center funds can be used at management's discretion to support any of the Council's programs that benefit the elderly. Accordingly, during the fiscal year, the Senior Center Fund transferred all of its grant revenue to the Title III Funds to subsidize that program's cost of providing supportive services to elderly persons who use the senior center.

The Utility Assistance Fund is used to account for the administration of utility assistance programs that are sponsored by local utility companies. The companies collect contributions from service customers and remit the funds to the Parish Councils on the Aging to provide assistance to the elderly for the payment of utility bills. The Council receives its donations directly from local utility companies.

The Audit Fund is used to account for funds received from the Governor's Office of Elderly Affairs that are restricted to use as a supplement to pay for the cost of having an annual audit of the Council's financial statements. The cost allocated to this fund is equal to the GOEA supplement. Excess audit costs have been paid for by the general fund.

The Supplemental Senior Center Fund was established to account for funds that were appropriated by the Louisiana Legislature for the various councils on aging throughout Louisiana to supplement each council's primary grant for senior center operations and activities. The DeSoto Council on the Aging, Inc. was one of the Parish councils to receive a supplemental grant. The money received by this fund during the fiscal year was transferred to the Title III Funds to supplement the supportive services provided by this fund. GOEA provided these funds to the Council.

The Title III E Care-giver Fund provides systems of support services for family care-givers and for individuals who are relative care-givers. Providing information and assistance, in-home respite, material aid, outreach, public education, sitter service and support group services.

The Nutritional Services Incentive Program (NSIP) is used to account for the administration of the Food Distribution Program provided by the United States Department of Agriculture (USDA) through the Governor's Office of Elderly Affairs (GOEA), which in turn "passes through" the funds to the Council. GOEA distributes funds to each parish council on aging in Louisiana based on how many meals each council on aging served in the previous year in relation to the total meals served statewide by all councils. The primary purpose of the NSIP reimbursement is to provide money to the Council so that United States produced food and commodities may be purchased to supplement nutrition programs.

Medicare Improvement for Patients and Providers Act (MIPPA) Fund is used to account for funds relating to supporting outreach and assistance efforts directed toward Medicare beneficiaries with limited incomes who may be eligible for Medicare Part D, Low Income Subsidy (LIS) and Medicare Savings Plan (MSP) programs. The goal is to provide outreach to individuals in DeSoto Parish, Louisiana with special emphasis on rural communities and to increase public awareness and enrollment into the benefits available under LIS and MSP.

Other Local Resources are received by the Council from operating a fee for service contract with the Department of Health and Human Services, as well as donations from individuals and businesses.

f. Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

A. Accrual Basis – Government-wide financial statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the Council as a whole. Both of these statements have been prepared using the economic measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

B. Modified Accrual Basis – Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Council considers all revenues "available" if they are collected within 60 days after year-end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred.

The exceptions to this general rule are that (1) amounts due on capital leases, if any, are recorded when due and (2) claims and judgments and compensated absences are recorded as expenditures when paid with expendable available financial resources.

g. Interfund Activity

Interfund activity is reported as either loans or transfers. Loans between funds are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. All other interfund transactions are treated as transfers. Transfers represent a permanent reallocation of resources between funds. Transfers between funds are netted against one another.

as part of the reconciliation of the change in fund balances in the fund financial statements to the change in net position in the government-wide financial statements.

h. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and petty cash. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Cash and cash equivalents are reported at their carrying amounts that equal their fair values.

i. Investments

GASB Statement 31 requires the Council to report its investments at fair value, except for investments in non-participating interest-earning contracts, such as non-negotiable certificates of deposit with redemption terms that do not consider market rates. This type of investment is reported using a cost-based measure, provided that the fair market value of the contract is not significantly affected by the impairment of the credit standing of the issuer or other factors.

Investments that include securities traded on a national or international exchange are valued based on their last reported sales price. Investments that do not have an established market are reported at estimated fair value. The Council had no investments during the current reporting period.

j. Prepaid Expenses/Expenditures

Prepaid expenses/expenditures include amounts paid for services in advance. These are shown as assets on the Statement of Net Position. In the fund financial statements, the Council has elected not to include amounts paid for future services as expenditures until those services are consumed to comply with the cost reimbursement terms of grant agreements. As a result, the prepaid expenditures are shown as an asset on the Balance Sheet of the fund financial statements until they are consumed. In addition, a corresponding amount of the fund balance of the General Fund has been reserved to reflect the amount of fund balance not currently available for expenditure. The Council had no prepaid expense or expenditures during the current reporting period.

k. Capital Assets

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets that have been purchased or acquired with an original cost of at least \$1,000 and that have an estimated useful life of greater than one year.

When purchased or acquired, these assets are recorded as capital assets in the Statement of Net Position. In contrast, in the fund financial statements, capital assets are recorded as expenditures of the fund that provided the resources to acquire the asset. If the asset was purchased, it is recorded in the books at its cost. If the asset was donated, then it is recorded at its estimated fair market value at the date of donation.

For capital assets recorded in the government-wide financial statements, depreciation is computed and recorded using the straight-line method for the asset's estimated useful life. The estimated useful lives of the various classes of depreciable capital assets are as follows:

Buildings	40	Years
Building improvements	20	Years
Equipment	5-7	Years
Computers	3	Years
Vehicles	5	Years

Salvage values have not been estimated by management when calculating how much of an asset's cost needs to be depreciated except for vehicles. For that category of capital asset, management has used 10% of the vehicle's initial cost as a salvage value estimate.

Depreciation is not computed or recorded on capital assets for purposes of the Fund Financial Statements.

l. Unpaid Compensated Absences

The Council's policies for vacation time do not permit employees to accumulate earned but unused vacation leave. Accordingly, no liability for the unpaid vacation leave has been recorded in the government-wide financial statements.

The Council's sick leave policy does not provide for the vesting of sick leave that would require that employees be paid for any unused sick leave upon termination of employment. Accordingly, no amounts have been accrued as unpaid compensated absences in the government-wide financial statements relative to sick leave.

m. Allocation of Indirect Expenses

The Council reports all direct expenses by function and programs of functions in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function or program. Indirect expenses are recorded as direct expenses of the administration function. GOEA provides funds to partially subsidize the Council's administration function. The unsubsidized net cost of the administration function is allocated using a formula that is based primarily on the relationship the direct cost a program bears to the direct cost of all programs. There are some programs that cannot absorb any indirect cost allocation according to their grant or contract limitations.

n. Management's Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

o. Elimination and Reclassifications

In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

p. Deferred Revenues

The Council reports deferred revenues on its Statement of Net Position and on the Balance Sheet of the fund financial statements. Deferred revenues arise when the Council receives resources before it has a legal claim to them, as when grant monies are received before the occurrence of qualifying expenditures. In subsequent periods, when the Council has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized. The Council had no deferred revenue during the current reporting period.

q. Budget Policy

The Council followed the procedures below in establishing budgetary data reflected in these financial statements. The GOEA and other funding agencies notify the Council each year as the funding levels available for their respective programs. Management of the Council prepares a proposed budget base on the funding levels provided and submits to the Council's Board of Directors for approval. The Board reviews and adopts budget for the next year. The adopted budget is forwarded to the GOEA or other funding agency for final approval. The Council submits a final or "red line" budget at or near the end of the year reflecting more closely the actual results through the final budget submission date.

r. Fund Equity – Fund Financial Statements

Governmental fund equity is classified as fund balance. Beginning with fiscal year 2011, the Council's management implemented GASB Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions. This Statement provides more clearly defined fund balance

categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Management has classified prepaid expenditures as being nonspendable as this item is not expected to be converted to cash.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of resources are either:

Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or Imposed by law through constitutional provisions or enabling legislation.

Management has classified fund balance for utility assistance as being restricted due to the constraints placed on the use of the money contributed by the general public and Entergy Corporation.

- **Committed:** This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the Council's board of directors, which is the Council's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the board of directors removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Council did not have any committed resources as of year-end.
- **Assigned:** This classification includes amounts that are constrained by the Council's intent to be used for a specific purpose but are neither restricted nor committed. This intent should be expressed by the Council's (1) board of directors, (2) its finance committee, or (3) an official, such as the executive director, to which the board of directors has delegated the authority to assign amounts to be used for a specific purpose.
- **Unassigned:** This classification is the residual fund balance for the General Fund. It also represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

When fund balance resources are available for a specific purpose in multiple classifications, the Council will generally use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. However, the Council's management reserves the right to selectively spend unassigned resources first and to defer the use of the other classified funds.

Note 2 - Revenue Recognition

Revenues are recorded in the government-wide financial statements when they are earned under the accrual basis of accounting.

Revenues are recorded in the fund financial statements using the modified accrual basis of accounting. In applying the susceptible to accrual concept using this basis of accounting, intergovernmental grant revenues, program service fees, and interest income are usually both measurable and available. However, the timing and amounts of the receipts of public support and miscellaneous revenues are often difficult to measure; therefore, they are recorded as revenue in the period received.

Note 3 - Cash

The Council maintains a consolidated bank account to deposit most of the monies it collects and to pay its bills. The consolidated bank account is available for use by all funds. The purpose of this consolidated account is to reduce administration costs and facilitate cash management. The consolidated account also allows those funds with available cash resources to temporarily cover any negative cash balances in other funds. In addition to the consolidated bank account, the Council has a separate bank account to deposit and disburse payroll funds.

At year-end, the Council's cash overdraft on the books was \$48,535; the related bank account overdraft totaled \$25,293. The Council has a line of credit which allows them to overdraft up to \$50,000. All accounts were substantially less than FDIC insured amount. The difference in the book, and bank balances for cash relates primarily to deposits made and checks written which did not clear the bank accounts by year-end. All bank balances were covered by federal depository insurance. Accordingly, all bank and brokerage firm deposits are classified as a "Category 1" credit risk in accordance with GASB Statement 3.

GASB Statement 3 categorizes deposits into three categories of credit risk:

1. Insured by FDIC or collateralized with securities held by the Council or by its agent in the Council's name. (Category 1)
2. Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the Council's name. (Category 2)
3. Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Council's name; or collateralized with no written or approved collateral agreement. (Category 3)

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:A-1229 imposes a legal requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Council that the fiscal agent has failed to pay deposited funds upon demand.

Under state law, all bank deposits must be (1) secured by federal deposit insurance or by the pledge of securities owned by the fiscal agent bank, or (2) invested exclusively in instruments backed by the U.S. government. The fair value of the pledged securities plus the federal deposit insurance must always equal or exceed the amount on deposit with the fiscal agent.

Note 4 - Government Grants and Other Receivables

Government grants and contracts receivable represent amounts owed to the Council under a grant award or contract with a provider of federal, state, or local funds; such amounts being measurable and available as of year-end.

Government grants and other receivable at year-end consist of reimbursements for expenses incurred under the following programs:

<u>Service fees receivable</u>	
PCA programs	\$ 74,839
Title XIX program	6,578
<u>Other receivables</u>	
Sec 18	23,999
Independence	1,140
General	60,973
Total receivables all funds	<u>\$ 167,529</u>

Note 5 - Board of Directors' Compensation

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member. However, board members are reimbursed for any out-of-pocket costs they might incur on behalf of the Council in accordance with the Council's applicable reimbursement policy.

Note 6 - Changes in Capital Assets

A summary of changes in capital assets is as follows:

	Balance 6/30/2012	Increases	Decreases	Balance 6/30/2013
Assets				
Building	\$ 105,805	\$ -	\$ -	\$ 105,805
Building Improvements	46,710	-	-	46,710
Furniture and Equipment	75,583	3,357	-	78,940
Vehicles	87,608	-	-	87,608
Subtotal	<u>315,706</u>	<u>3,357</u>	<u>-</u>	<u>319,063</u>
Accumulated Depreciation				
Building	55,121	2,645	-	57,766
Building Improvements	35,032	2,336	-	37,368
Furniture and Equipment	46,710	-	-	46,710
Vehicles	87,608	14,332	-	101,940
Subtotal	<u>224,471</u>	<u>19,313</u>	<u>-</u>	<u>243,784</u>
Net Capital Assets	<u>\$ 91,235</u>	<u>(\$ 15,956)</u>	<u>\$ -</u>	<u>\$ 75,279</u>

Depreciation was charged to governmental activities as follows:

Administration	\$ 1,096
Nutrition Services:	
Congregate Meals	996
Supportative Services:	
Recreation (Non-priority services)	2,889
Transportation:	
Vehicles	14,332
Total depreciation expense for governmental activities	<u>\$ 19,313</u>

Note 7 - In-Kind Contributions

The Council received various in-kind contributions during the year. No income or expenditures related to in-kind contributions are reflected in these financial statements.

Note 8 - Income Tax Status

The Council, a non-profit corporation, is exempt from federal income taxation under Section 501 (c) (3) of the Internal Revenue Code, and as an organization that is not a private foundation as defined in Section 509(a) of the Code. It is also exempt from Louisiana income tax. The Agency's Form 990 for the tax years of 2009, 2010, 2011 and 2012 are still subject to examination by the Internal Revenue Service.

Note 9 - Lease and Rental Commitments

The Council had a capital lease associated with a copier. The terms of the lease require the Council to pay \$328 per month over the term of this lease. The lease term runs from July 18, 2009 to October 18, 2014. Payments including interest are as follows: 2014 - \$3,940 and 2015 - \$1,313.

Present value of future lease payments are \$4,578 using an interest rate of 20%. The original cost of the equipment was \$12,747. The accumulated amortization using an estimated life of 5 years was \$9,985, leaving an unamortized balance of \$2,762 at June 30, 2013.

Note 10 - Judgments, Claims, and Similar Contingencies

There is no litigation pending against the Council as of year-end. The Council's management believes that any potential lawsuits would be adequately covered by insurance or resolved without any material impact upon the Council's financial statements.

Note 11 - Contingencies-Grant Programs

The Council participates in a number of state and federal grant programs, which are governed by various rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Council has not complied with the rules and regulations governing the grants, refunds of any money received and the collectability of any related receivable at year-end may be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing state and federal grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Audits of prior years have not resulted in any significant disallowed costs or refunds. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and the Council.

Note 12 - Economic Dependency

The Council receives the majority of its revenue through grants and contracts administered by the Louisiana Governor's Office of Elderly Affairs (GOEA) and the Louisiana Department of Transportation and Development (DOTD) as a pass through from the Police Jury, and the Louisiana Department of Health and Human Services (HHS). The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of funds the Council receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Council will receive in the next fiscal year.

Note 13 - Risk Management

The Council is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters. The Council has purchased commercial insurance to cover or reduce the risk of loss that might arise should one

of these incidents occur. There have been no significant reductions in coverage from the prior year. No settlements were made during the current or prior three fiscal years that exceeded the Council's insurance coverage.

The Council's management has not purchased commercial insurance or made provision to cover or reduce the risk of loss, as a result of business interruption and certain acts of God, like floods or earthquakes.

Note 14 - Changes in Long-Term Debt

In 2012 the Council established a line of credit with a local bank to cover cash short falls in the amount of \$50,000. The reconciled book cash overdraft was \$48,535 at June 30, 2013. The line of credit bears interest at a rate of 6.75% annually payable upon maturity date of August 10, 2013. The line of credit is collateralized by real estate owned by the Council. The line of credit was renewed subsequent to year end for another year. The local bank does not transfer funds in and out of checking account, but rather allows an overdraft up to the amount of the line of credit.

Note 15 - Employer 403(b) Thrift Plan

During the year ended June 30, 2013, the Council participated in a non-contributory tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers full-time employees of the Council. Employees may make contributions to the plan, which is made of individual accounts for the participating employees, up to the maximum amount allowed by the Internal Revenue Code if they wish.

Note 16 - Interfund Receivables and Payables

Because the Council operates most of its programs under cost reimbursement type grants, it has to pay for costs using its General Fund money and then request reimbursement for the advanced costs under the grant programs. Such advances create short-term interfund loans in the Fund Financial Statements.

A summary of these Interfund loans at year end is as follows:

	Due from other funds	Due to other funds
Major funds		
General fund	\$ 64,744	\$ 82,475
Title III B & C funds	9,051	-
Section 18	-	23,203
Non-major funds		
Utility Assistance	4,473	-
Other Miscellaneous Funds	27,410	-
	<u>\$ 105,678</u>	<u>\$ 105,678</u>

These amounts have been eliminated as a part of the consolidation process in preparing the government-wide financial statements.

Note 17 - Related Party Transactions

There were no related party transactions during the fiscal year.

Note 18 - Interfund Transfers

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and to (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. These transfers were eliminated as a part of the consolidation process in preparing the government-wide financial statements.

Interfund transfers to and from are listed by fund for the fiscal year as follows:

	Funds Transferred In								
	Title	Title	Title	Title	Title	Title		Title	
	IIIB	III C-1	III C-2	III D	AAA	III E	Audit	XIX	Total
Funds Transfer Out									
General Fund	\$ 305	\$ -	\$ -	\$ -	\$ 472	\$ -	\$ 13,254	\$ 45,955	\$ 59,986
Senior Center	2,721	2,626	27,407	30	-	1,247	-	-	34,031
PCOA	18,309	5,383	8,392	3,011	2,405	-	-	-	37,500
Supp Senior Ctr	50	164	23,512	39	-	-	-	-	23,765
NSIP	-	-	6,055	-	-	-	-	-	6,055
Total Funds	\$ 21,385	\$ 8,173	\$ 65,366	\$ 3,080	\$ 2,877	\$ 1,247	\$ 13,254	\$ 45,955	161,337

Note 19 - Subsequent Events

Management has evaluated subsequent events through December 31, 2013 which is the date the financial statements were available to be issued, and determined that there were no subsequent events requiring disclosure at June 30, 2013.

SUPPLEMENTARY INFORMATION REQUIRED BY GASB STATEMENT 34

DeSoto Council on the Aging, Inc.
Mansfield, Louisiana
Budgetary Comparison Schedule - General Fund
For Year Ended June 30, 2013

The Council has no legal obligation to budget this fund.

See Independent Auditor's Report.

**DeSoto Council on the Aging, Inc.
Mansfield, Louisiana**

**Budgetary Comparison Schedule - Title III B Fund
For Year Ended June 30, 2013**

	Budgeted Amounts	Budgeted Amounts	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final	GAAP Basis	
Revenues				
Intergovernmental				
Governor's Office of Elderly Affairs	\$ 118,629	\$ 118,629	\$ 118,630	\$ 1
Public support	8,370	8,370	8,370	-
Total revenues	126,999	126,999	127,000	1
Expenditures				
Personnel	84,193	84,193	88,267	(4,074)
Fringe	7,280	7,280	8,892	(1,612)
Travel	7,115	7,115	3,963	3,152
Operating services	12,449	12,449	19,979	(7,530)
Operating supplies	23,017	23,017	24,628	(1,611)
Other costs	3,500	3,500	2,656	844
Total expenditures	137,554	137,554	148,385	(10,831)
Excess (deficiency) of revenues over expenditures	(10,555)	(10,555)	(21,385)	(10,830)
Other Financing Sources (Uses)				
Transfers in	10,555	10,555	21,385	10,830
Total other financing sources and (uses)	10,555	10,555	21,385	10,830
Net increase (decrease) in fund balances	-	-	-	-
Fund balances				
Beginning of year	-	-	-	-
End of year	\$ -	\$ -	\$ -	\$ -

See Independent Auditor's Report.

**DeSoto Council on the Aging, Inc.
Mansfield, Louisiana**

**Budgetary Comparison Schedule - Title III C-1 Fund
For Year Ended June 30, 2013**

	Budgeted Amounts	Budgeted Amounts	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final	GAAP Basis	
Revenues				
Intergovernmental				
Governor's Office of Elderly Affairs	\$ 57,007	\$ 57,007	\$ 57,008	\$ 1
Public support	4,488	4,488	4,488	-
Total revenues	61,495	61,495	61,496	1
Expenditures				
Personnel	28,160	28,160	34,640	(6,480)
Fringe	2,435	2,435	3,672	(1,237)
Travel	72	72	498	(426)
Operating services	2,288	2,288	3,060	(772)
Operating supplies	302	302	672	(370)
Other costs	675	675	1,191	(516)
Meals	38,632	38,632	25,936	12,696
Total expenditures	72,564	72,564	69,669	2,895
Excess (deficiency) of revenues over expenditures	(11,069)	(11,069)	(8,173)	2,896
Other financing sources (uses)				
Transfers in	11,069	11,069	8,173	(2,896)
Total other financing sources and (uses)	11,069	11,069	8,173	(2,896)
Net increase (decrease) in fund balances	-	-	-	-
Fund balances				
Beginning of year	-	-	-	-
End of year	\$ -	\$ -	\$ -	\$ -

See Independent Auditor's Report.

DeSoto Council on the Aging, Inc.
Mansfield, Louisiana

Budgetary Comparison Schedule - Title III C-2 Fund
For Year Ended June 30, 2013

	Budgeted Amounts	Budgeted Amounts	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final	GAAP Basis	
Revenues				
Intergovernmental				
Governor's Office of Elderly Affairs	\$ 54,335	\$ 54,335	\$ 54,336	\$ 1
Public support	6,327	6,327	6,327	-
Total revenues	60,662	60,662	60,663	1
Expenditures				
Personnel	42,501	42,501	25,115	17,386
Fringe	3,675	3,675	2,444	1,231
Travel	9,709	9,709	6,924	2,785
Operating services	4,373	4,373	5,409	(1,036)
Operating supplies	4,349	4,349	3,948	401
Other costs	675	675	1,000	(325)
Meals	112,867	112,867	81,189	31,678
Total expenditures	178,149	178,149	126,029	52,120
Excess (deficiency) of revenues over expenditures	(117,487)	(117,487)	(65,366)	52,121
Other financing sources (uses)				
Transfers in	117,487	117,487	65,366	(52,121)
Total other financing sources and (uses)	117,487	117,487	65,366	(52,121)
Net increase (decrease) in fund balances	-	-	-	-
Fund balances				
Beginning of year	-	-	-	-
End of year	\$ -	\$ -	\$ -	\$ -

See Independent Auditor's Report.

**DeSoto Council on the Aging, Inc.
Mansfield, Louisiana**

**Budgetary Comparison Schedule - Section 18 (5311) Fund
For Year Ended June 30, 2013**

The Council has no legal obligation to budget this fund.

See Independent Auditor's Report.

SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY GOEA

DeSoto Council on the Aging, Inc.
Mansfield, Louisiana

Schedule of Non-Major Special Revenue Funds
For Year Ended June 30, 2013

	Title III C AAA	Title III D	Title III E	Senior Center	FEMA / Utility Assistance	Audit Fund	NSIP	Supplemental Senior Center	Total
Revenues									
Intergovernmental									
Governor's Office of Elderly Affairs	\$ 24,552	\$ 4,028	\$ 18,814	\$ 38,209	\$ -	\$ 1,510	\$ 33,465	\$ 23,765	\$ 144,343
Public support									
Utility company	-	-	-	-	1,627	-	-	-	1,627
Participant contributions	-	-	182	-	-	-	-	-	182
Total revenues	24,552	4,028	18,996	38,209	1,627	1,510	33,465	23,765	146,152
Expenditures									
Personnel	18,096	3,660	15,286	1,282	-	-	-	-	38,324
Fringe	1,874	294	1,488	281	-	-	-	-	3,937
Travel	528	6	1,799	10	-	-	-	-	2,343
Operating services	5,782	303	1,379	598	-	-	-	-	8,062
Operating supplies	802	118	243	1,995	-	-	-	-	3,158
Other costs	347	2,727	48	12	-	14,764	-	-	17,898
Utility assistance	-	-	-	-	1,769	-	-	-	1,769
Total expenditures	27,429	7,108	20,243	4,178	1,769	14,764	-	-	75,491
Excess (deficiency) of revenues over expenditures	(2,877)	(3,080)	(1,247)	34,031	(142)	(13,254)	33,465	23,765	70,661
Other financing sources (uses)									
Transfers in	2,877	3,080	1,247	-	-	13,254	-	-	20,458
Transfers out	-	-	-	(34,031)	-	-	(6,055)	(23,765)	(63,851)
Total other financing sources and uses	2,877	3,080	1,247	(34,031)	-	13,254	(6,055)	(23,765)	(43,393)
Net increase (decrease) in fund balances	-	-	-	-	(142)	-	27,410	-	27,268
Fund Balances									
Beginning of the year	-	-	-	-	4,615	-	-	-	4,615
End of the year	\$ -	\$ -	\$ -	\$ -	\$ 4,473	\$ -	\$ 27,410	\$ -	\$ 31,883

See Independent Auditor's Report.

DeSoto Council on the Aging, Inc.
Mansfield, Louisiana

Comparative Schedule of General Fixed Assets and Changes in General Fixed Assets
For Year Ended June 30, 2013

	Beginning Balance	Additions	Deletions	Ending Balance
General fixed assets				
Building	\$ 105,805	\$ -	\$ -	\$ 105,805
Building improvements	46,710	-	-	46,710
Furniture, fixtures and equipment	75,583	3,357	-	78,940
Vehicles	87,608	-	-	87,608
Total general fixed assets	<u>\$ 315,706</u>	<u>\$ 3,357</u>	<u>\$ -</u>	<u>\$ 319,063</u>
Investment in general fixed assets				
Property acquired with funds from				
AAA	\$ 228	\$ -	\$ -	\$ 228
Title III B	99	-	-	99
Title III C - I	99	-	-	99
Title III C - II	73	-	-	73
Title III D & E	1,127	-	-	1,127
Donations	39,590	-	-	39,590
Club	25,900	-	-	25,900
Sec 18	55,652	3,357	-	59,009
Senior Center	767	-	-	767
Local sources	192,171	-	-	192,171
Total investment in general fixed assets	<u>\$ 315,706</u>	<u>\$ 3,357</u>	<u>\$ -</u>	<u>\$ 319,063</u>

See Independent Auditor's Report.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
DeSoto Council on the Aging, Inc.
Mansfield, Louisiana

(318) 222-2222
(318) 226-7150 (fax)
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Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of DeSoto Council on Aging, Inc. as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information, of DeSoto Council on Aging, Inc., as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The DeSoto Council on Aging, Inc. has adopted the provisions of GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages i through v) and the budgetary comparison information (pages 21 through 25) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the DeSoto Council on Aging, Inc.'s basic financial statements. The supplementary information required by GOEA (pages 26 through 27) is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information required by GOEA is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information required by GOEA is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2013, on our consideration of the DeSoto Council on Aging, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the DeSoto Council on Aging, Inc.'s internal control over financial reporting and compliance.

CARR, RIGGS & INGRAM, LLC

CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana
December 31, 2013

**Independent Auditor's Report on Internal Control over Financial
Reporting and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with Government Auditing Standards**

To the Board of Directors
DeSoto Council on Aging, Inc.
Mansfield, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the DeSoto Council on Aging, Inc. as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise DeSoto Council on Aging, Inc.'s basic financial statements, and have issued our report thereon dated December 31, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered DeSoto Council on Aging, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of DeSoto Council on Aging, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the DeSoto Council on Aging, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We considered the Findings 2013-01, 2013-02 and 2013-03 to be *significant deficiencies*.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether DeSoto Council on Aging, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

CARR, RIGGS & INGRAM, LLC

CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana
December 31, 2013

**DeSoto Council on the Aging, Inc.
Mansfield, Louisiana**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For Year Ended June 30, 2013

We have audited the basic financial statements of the DeSoto Council on the Aging, Inc. as of and for the year ended June 30, 2013, and have issued our report thereon dated December 31, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2013, resulted in an unmodified opinion.

Section I – Summary of Auditor’s Report

Type of auditor’s report issued on the basic financial statements: **Unmodified Opinion**

Internal control over financial reporting:

Material weakness identified?	No
Significant deficiencies identified that are not considered material weaknesses?	YES
Noncompliance material to the basic financial statements noted?	No
Federal awards	N/A

Section II – Financial Statement Findings

2013-01 – Errors Fully Implementing New Payroll Software

CONDITION: During performance of the audit several accounting errors were noted resulting in inaccurate account balances. Several adjustments were required to correct account balances and accurately reflect current year activity because the system does not automatically interface with general ledger accounting system.

CRITERIA: Accounting records should be accurately maintained on an on-going basis to ensure the financial statements are fairly stated in all material respects.

CAUSE OF CONDITION: The Council implemented new payroll software outside of the general ledger accounting system. Journal entries to post the payroll activity were entered incorrectly.

POTENTIAL EFFECT OF CONDITION: Accounting records and financial statements may be materially misstated.

RECOMMENDATION: The Council should return to payroll system that automatically interfaces with the current accounting software.

CLIENT RESPONSE: Client has returned the payroll processing to MAS 90 software which automatically interfaces with general ledger accounting software effective July 1, 2013.

2013-02 – Budget to Actual Varied More than +- 10%

CONDITION: Budget to actual varied more than 10% over or under on numerous line items for III-B, III-C-1 and III-C-2.

CRITERIA: GOEA allows complete discretion between line items, but actual to final budget must be within +-10% of budgeted amount. Anything in excess of this requires a formal budget revision.

CAUSE OF CONDITION: Not submitting red line budget that closely approximates actual.

POTENTIAL EFFECT OF CONDITION: Out of Compliance with GOEA guidelines.

RECOMMENDATION: Submit revised budget reflecting balances on reports sent to GOEA.

CLIENT RESPONSE: Agency will submit corrected redline budget which will reflect amounts on final reports submitted to GOEA in the future.

2013-03 – Employees and some Board Members did not comply with Ethics Course requirement

CONDITION: Employees did not take the annual ethics course required by the Louisiana Board of Ethics.

CRITERIA: The Louisiana Board of Ethics requires that all government employees, board members and various others take an online ethics course annually.

CAUSE OF CONDITION: The Agency was not aware of the requirement.

POTENTIAL EFFECT OF CONDITION: Out of Compliance with Louisiana Board of Ethics guidelines.

RECOMMENDATION: Employees and Board members take the Board of Ethics course and the Council maintains a file with certificates of completion for inspection.

CLIENT RESPONSE: Employees and Board Members will take the required annual Board of Ethics course and the certificates of completion will be maintained on hand for inspection as needed.

**DeSoto Council on the Aging, Inc.
Mansfield, Louisiana**

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

For Year Ended June 30, 2013

2012-01 – Undocumented Billings to Medical Assistance Program

CONDITION: During review of correspondence related to reviews performed by the Department of Health and Hospitals Program Integrity Section it was noted that there were sanctions for Medicaid claims paid to the Council by the Medical Assistance Program resulting in funds being recaptured by the Department of Health and Hospitals.

Year of Origination: 2012

Current Status: Resolved

2012-02 – Errors in Time Sheets of Hourly Workers

CONDITION: During testing of payroll expenditures it was noted that hours worked were not calculated correctly for four of the forty transactions tested resulting in incorrect payments to employees.

Year of Origination: 2012

Current Status: Resolved

2012-03 – Errors Fully Implementing New Payroll Software

CONDITION: During performance of the audit several accounting errors were noted resulting in inaccurate account balances. It was also noted that several prior audit adjustments were not posted by the Council resulting in inaccurate accounting records. Several adjustments were required to correct account balances and accurately reflect current year activity.

Year of Origination: 2012

Current Status: Repeat Finding (See 2013 -01)

2012-04 – Possible Lack of Adequate Supervision of DSW Workers

CONDITION: DSW workers may not denote absences from work since they work at the client home and this could cause an overpayment of compensation.

Year of Origination: 2012

Current Status: Resolved

2012-05 – Budget to Actual Varied More than +- 10% on Some Line Items

CONDITION: Budget to Actual varied more than 10% over or under on numerous line items for III-B, III-C-1 and III-C-2.

Year of Origination: 2012

Current Status: Repeat Finding (See 2013 -02)

2012-06 – Significant Unassigned Fund Balance Deficit

CONDITION: Fund balance deficit.

Year of Origination: 2012

Current Status: Resolved